

Message Text

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PAGE 01 STATE 054015

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ORIGIN AF-06

INFO OCT-01 ISO-00 EB-07 SS-15 SP-02 L-02 INR-07 IGA-01

/041 R

DRAFTED BY AF/W:RMWALTER/HGHANDYSIDE:IW

APPROVED BY AF/W:JLLOUGHRAN

AF-JJBLAKE

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P 111451Z MAR 75

FM SECSTATE WASHDC

TO AMEMBASSY NOUAKCHOTT PRIORITY

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E.O. 11652: N/A

TAGS: BDIS, EFIN, EIND, MR

SUBJECT: FINANCING FOR LANG/PRITCHARD SUGAR REFINERY

REF: NOUAKCHOTT 298

1. AT MAR. 6 MEETING BETWEEN AMB. HANDYSIDE AND EXIM OFFICIALS, EXIM VICE PRESIDENT FOR NORTH AFRICA NORRIS REPORTED THAT LETTER FROM GIRM PLANNING MINISTER HAD ARRIVED TWO OR THREE DAYS BEFORE AND THAT FORMAL TRANSLATION HAD JUST BECOME AVAILABLE. NORRIS REITERATED EXIM'S CONCERN ABOUT VIABILITY OF REFINERY PROJECT IN VIEW OF SIGNIFICANT INCREASES IN EQUIPMENT COSTS AND PRICE OF RAW SUGAR. EXIM IS ALSO CONCERNED ABOUT SEEMINGLY OPEN-ENDED NATURE OF REPORTED NEW UNDERSTANDING BETWEEN GIRM AND LANG, SINCE THE NEW FORMULA APPARENTLY REQUIRES GIRM TO COVER FUTURE COST INCREASES AS WELL. BEFORE THEY CAN DISBURSE FUNDS, EXIM OFFICIALS BELIEVE THEY MUST KNOW DEFINITELY WHETHER

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PAGE 02 STATE 054015

GIRM IS PREPARED TO FINANCE ALL COSTOVERRUNS(CURRENTLY

ESTIMATED AT ABOUT \$6 MILLION) SO THAT THE PROJECT'S COMPLETION AND SUCCESSFUL LAUNCHING IS ASSURED. NORRIS SPECULATED THAT BEST APPROACH MIGHT BE TO ASSEMBLE EXIM, LANG AND GIRM REPS IN WASHINGTON IN WEEK OR TWO TO PERMIT EXIM TO OBTAIN FIRM ANSWERS AND ESTABLISH BASIS FOR FINAL DECISION.

2. HANDYSIDE URGED EXIM TO CALL IN AMB. ABDULLAH, HAND HIM WRITTEN LIST OF QUESTIONS ELICITING INFORMATION WHICH THE BANK REQUIRES AND ASK HIM TO OBTAIN FROM NOUAKCHOTT ANY INFORMATION HE MAY NOT HAVE. HANDYSIDE EMPHASIZED THAT PROPOSED ACTION WOULD ALSO CONSTITUTE INTERIM REPLY TO GIRM LETTER.

3. EXIM DIRECTOR KOBELINSKI ASSURED HANDYSIDE THAT DESIRE FOR MORE INFORMATION IN NO WAY IMPLIED EXIM WAS CONSIDERING BACKING OUT OF AGREEMENT. HE STATED FIRMLY THAT EXIM RECOGNIZED IT HAS COMMITMENT ON SUGAR PROJECT AND THAT IT WOULD HONOR ITS COMMITMENT. HE SAID THAT EXIM SIMPLY WANTED TO TAKE WHATEVER PRECAUTIONS WERE NECESSARY TO GUARANTEE THE PROJECT'S SUCCESSFUL COMPLETION (AND THEREBY ENSURE THAT EXIM DID NOT HAVE SUBSTANTIAL INVESTMENT IN HALF-FINISHED REFINERY).

4. AF/W WILL CONTINUE TO PRESS EXIM FOR SOME DEFINITE RESPONSE TO GIRM LETTER. IT HOPES TO OBTAIN ONE THIS WEEK IF POSSIBLE. INGERSOLL

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Message Attributes

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Control Number: n/a
Copy: SINGLE
Draft Date: 11 MAR 1975
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: greeneet
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
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Drafter: RMWALTER/HGHANDYSIDE:IW
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